

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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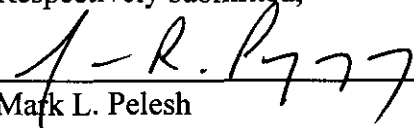
POSTAL RATE AND FEE CHANGES, 2000

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Docket No. R2000-1

**FIRST SET OF INTERROGATORIES OF
ASSOCIATION OF AMERICAN PUBLISHERS
TO UPS WITNESS NEELS AAP/UPS-T1-1-5**

Pursuant to Section 25 and 26 of the Commission's Rules of Practice and Procedure, the Association of American Publisher (AAP), hereby submits the following interrogatories and request for production of documents to OCA witness Neels (UPS-T-1). AAP incorporates by reference the instructions in OCA interrogatories OCA/USPS-1-15 (filed January 24, 2000). If the designated witness is unable to respond to any interrogatory, or any part therein, we request a response by some other qualified witness.

Respectively submitted,




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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document, by First-Class Mail,
upon the participants in this proceeding.



John R. Przypyszny

Date: June 19, 2000

**FIRST SET OF INTERROGATORIES OF
ASSOCIATION OF AMERICAN PUBLISHERS
TO UPS WITNESS NEELS AAP/UPS-T1-1-5**

AAP/UPS-T1-1 On page 11 of your testimony at lines 20-22, you state that “[a] cost minimizing provider of mail processing services can be expected to alter systematically its procedures for processing mail in response to changes in mail volumes.” With respect to this statement:

(a) Please state whether it is your opinion that the Postal Service is in fact a “cost minimizing provider of mail processing services.” If you hold the opinion that the Postal Service is a cost minimizing provider of mail processing services, please provide all studies or other evidence you relied on in support of this opinion.

(b) Please state whether, for purposes of your testimony, you have assumed that the Postal Service is a “cost minimizing provider of mail processing services.” If you have assumed that the Postal Service is a cost minimizing provider of mail processing services, please provide all studies or other evidence you relied on in support of this assumption.

AAP/UPS-T1-2 On page 30 of your testimony (lines 8-9), you state that “[b]ecause the number of subclasses is very large, direct estimation of these cost elasticities is often not feasible.” With respect to this statement, please provide an explanation as to why you believe that direct estimation of these cost elasticities is not feasible based on the number of subclasses. Please explain whether it is your opinion, or the opinion of the Postal Service, that the direct estimation of the cost elasticities is not possible.

AAP/UPS-T1-3 On page 33 of your testimony (lines 7-11) you indicate that you have conducted an empirical investigation of the relationship between the volume of mail processed at a plant and the number of piece handlings at that plant. Please provide all results and supporting documentation pertaining to that investigation.

AAP/UPS-T1-4 On page 39 of your testimony (line 9) you state that “[t]he Postal Service has pursued automation as a cost saving strategy.” With respect to this statement, please provide any analysis that you performed or that you relied upon which demonstrates that the Postal Service’ pursuit of automation has in fact resulted in actual cost savings.

AAP/UPS-T1-5 On page 40 of your testimony (lines 3-4) you describe a calculation of the elasticity of postal labor costs with respect to “piece handlings.” Please explain why, in this analysis, you have studied labor costs as a function of piece handlings. Is it your testimony that the marginal cost of postal labor should or should not be measured as a function of piece handlings?